

**BOARD OF SELECTMEN
MEETING MINUTES
2/17/11**

[Handwritten signatures and initials]

The Board of Selectmen met in the Town Hall, Joseph F. Bilotta Meeting Room as scheduled with Paula Bertram, Steven M. deBettencourt, Ernie Sund, Tom Alonzo, Dave Matthews and Town Manager Kerry Speidel present. Meeting opened at 7:10 P.M. with members of the Finance Committee present.

CURRENT BUSINESS

1. Presentation of FY2012 Preliminary Budget Recommendation – Kerry presented that attached PowerPoint presentation to the board.

Being no further business board voted unanimously to adjourn Regular Session at 8:30 P.M.

Respectfully submitted,

Laura Williams, Chief Administrative Assistant
Board of Selectmen



THE UNIVERSITY OF CHICAGO
LIBRARY

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637


THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637

THE UNIVERSITY OF CHICAGO
LIBRARY
100 EAST 57TH STREET
CHICAGO, ILL. 60637



Town of Lunenburg Proposed Annual Budget –FY2012

February 17, 2011



FY2012 Recommendation

- Prepare Revenue Estimates
- Governor's Budget (House 1) issued
- Additional data on Local Receipts
- Health Insurance Renewal-prelim.
- Retirement Assessment received
- Monty Tech Assessment- n/a



FY2012 Recommendation

- Disclaimers
 - At this early stage in the process, the document is only "good" the day it is printed.
 - Use a number of assumptions early on, which firm up as we get closer to Town Meeting
 - Uncertainty around State Aid & New Growth



FY2012 Recommendation

- Matching dollars with service level needs, i.e. no "flat" increases
- Funding to enhance Public Safety and Public Works
- No funding for Road Management Plan



FY2012 Recommendation

- Funding to cover all contractual salary increases
- Funding to cover all salary increases due SAP employees- implementing new grid
- Balanced budget proposal is based upon use of recurring revenues for operating costs, meaning there is NO request for a draw on either Free Cash or the Stabilization Fund

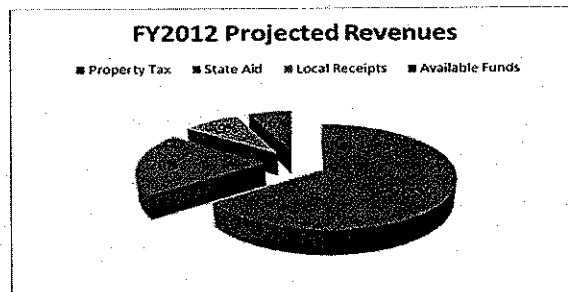


FY2012- Revenue Estimates

- Sources of Revenue
 - Property Tax
 - State Aid/ Cherry Sheet
 - Local Receipts
 - Available Funds



FY2012- Revenue Estimates



FY2012 Revenue Estimates

| | FY2011 | FY2012 | | |
|-------------------------|----------------------|----------------------|-------------------|-----------------|
| | Appropriated | Preliminary | \$ Increase | % Increase |
| Revenue | | | Over Prior Year | Over Prior Year |
| Property Tax | | | | |
| Prior Year Levy Limit | \$ 16,414,992 | \$ 17,014,184 | \$ 599,192 | |
| Unaudited Levy Capacity | \$ 3,418 | | | |
| 2 1/2% Increase | \$ 410,460 | \$ 425,355 | \$ 14,894 | |
| New Growth | \$ 138,732 | \$ 350,000 | \$ 211,268 | |
| Override | | | | |
| Debt Exclusions | \$ 991,724 | \$ 977,796 | \$ -13,928 | |
| Total | \$ 18,009,326 | \$ 18,767,335 | \$ 758,009 | 4.21% |

FY2012- Revenue Estimates

■ Property Tax –

- Prior Year base plus 2 ½% increase (\$595,774)
- Estimate for New Growth (\$350,000)

| Project | Projected Value | Property Tax Revenue |
|------------------|-----------------|--|
| Emerald Place | \$15,000,000 | \$242,400 |
| Tri-Town Landing | \$ 3,200,000 | \$ 51,712 [remaining 65% of first 2 buildings] |
| General Growth | \$ 3,500,000 | \$ 56,560 |
| | \$21,700,000 | \$350,672 |

- Overrides & Exclusions- capital, debt
 - No Override proposed
 - Debt Exclusions decreased by \$13,928
- State Law requires you to assume 100% collection rate
- Estimate for FY2012 = \$18,767,335

FY2012- Revenue Estimates

■ State Aid-

- House 1 relies on a number of actions yet to be acted upon by the Legislature
- Governor's projection for Ch. 70
 - Slight increase (+\$24,149) over current year
- 7.23% reduction in Lottery (\$64,672)
 - Better than expected, but still a \$490K decrease (almost 40%) since 2008
- Reduced level of Quinn Bill still included



FY2012 Revenue Estimates

- State Aid
 - Just beginning to hear what the Legislature is thinking about State Aid
 - Project 2% cut in Chapter 70 (\$89,968), based upon concern that declining enrollment will result in cut



FY2012- Revenue Estimates

- Local Receipts – **increased \$6,457 (0.27%)**
 - Motor Vehicle Excise Tax, licenses, permits, fees, fines, investment income
 - Elastic Revenues- very dependent upon the economy
 - MVX is the largest component; first indication of what is happening is through Commitment #1, issued in February
 - Commitment was up \$42,407, or 4.97%
 - Estimate for FY2012, **3.5%** increase (each 1% = \$12,555)



FY2012 Revenue Estimates

- Local Receipts
 - Supplemental Tax
 - Additional \$7.1M in value; 50% of year
 - Emerald Place
 - Local Options Meals Tax
 - In effect 01/01/10; \$60K annually
 - Building Permits- level
 - Investment Income- level



FY2012- Revenue Estimates

- Available Funds
 - Catch All Category
 - Some one-time revenues, causing a wide variance from year to year
 - SBA Reimbursement - \$559,057
 - Water & Sewer Betterments
 - Fully fund associated debt service & related costs
 - Sewer Enterprise Fund to fund Indirect Costs
 - Borrowing for Capital Plan - \$389,000

FY2012- Revenue Estimates Summary

| | FY2005 | FY2005 | FY2010 | FY2011 | FY2012 | | |
|----------------|---------------|---------------|-----------------------|---------------|---------------|-----------------|-----------------|
| Revenue | Actual | Actual | Budget - Appropriated | Preliminary | | \$ Increase | % Increase |
| | | | | | | Over Prior Year | Over Prior Year |
| Property Tax | \$ 16,217,831 | \$ 16,913,254 | \$ 17,427,207 | \$ 18,009,216 | \$ 18,797,319 | \$ 788,003 | 4.31% |
| State Aid | \$ 4,254,272 | \$ 6,635,240 | \$ 6,813,369 | \$ 6,912,255 | \$ 8,726,073 | \$ (209,245) | -3.03% |
| Local Receipts | \$ 1,399,191 | \$ 1,147,381 | \$ 2,211,348 | \$ 2,432,698 | \$ 2,478,113 | \$ 4,415 | 0.17% |
| Grants/Funds | \$ 1,810,574 | \$ 1,201,975 | \$ 1,316,643 | \$ 1,635,794 | \$ 1,833,910 | \$ (198,116) | -9.33% |
| Total: | \$ 27,297,868 | \$ 27,940,854 | \$ 27,247,617 | \$ 26,478,102 | \$ 28,336,443 | \$ 1,858,341 | 1.27% |

■ Areas of interest:

- House 1 is generally viewed as the base level for State Aid
- What will House & Senate Budgets show for State Aid?
- New Growth Projection
- Approved residential developments

FY2012 Expenditures

- Expenditures are divided into:
 - Functional Categories (Departments)
 - Non-Appropriated Costs
 - Sewer Enterprise Fund (self supporting)
 - Water Enterprise Fund (self-supporting)
 - Solid Waste Disposal Enterprise Fund
 - Other Warrant Articles with a Financial Impact



FY2012 Expenditures

- Town provides services
 - Services to students
 - Services to seniors
 - Services to residents
- Focus on service levels, not employees
- Demand for service
- Allocating resources to services



FY2012 Expenditures

- Operating Expenses are projected to increase \$537,744, or 2.03% over FY2010 adjusted.
- Where is the money going?
 - Lunenburg Public School +\$360,349
 - Unclassified (Insurances) +\$138,587
 - DPW +\$88,043
 - Police +\$79,816
 - Fire +\$62,099
 - Decrease in Debt Service



FY2012 Expenditures

- Unclassified- +\$138,587 (5.85%)
- Health Insurance-
 - Estimating 10% increase in premium
 - Partially offset by adjustment in Employer Contribution from 77.5% to 75%



FY2012 Expenditures- Health Insurance

- FY2012 Renewal due February 2010
- Have been told to expect 10%
- Existing agreement with PEC

- Governor's proposal regarding Health Insurance Reform

FY2012 Expenditures

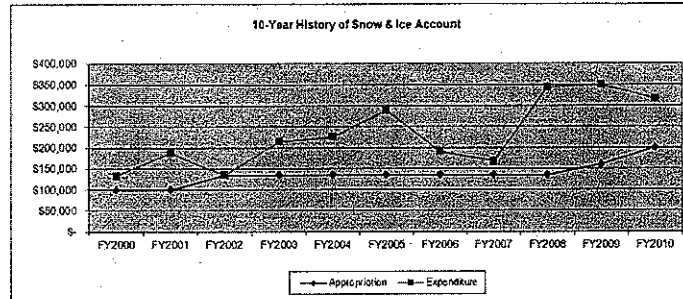
- Debt Service -\$121,933
- Impact to General Fund -\$121,933
- Includes costs associated with DPW Renovation

| | FY2011 | FY2012 | |
|-------------------------|--------------|--------------|--------------|
| Total: Debt Service | \$ 2,897,801 | \$ 2,775,868 | \$ (121,933) |
| offsets: | | | |
| Exempt | \$ 991,724 | \$977,795 | |
| Sewer Betterment | \$ 802,490 | \$801,328 | |
| Water Betterment | \$ 62,779 | \$ 62,781 | |
| Septic Receipts | \$ 10,872 | \$ 10,872 | |
| MSBA | \$ 559,057 | \$ 559,057 | |
| Net Impact General Fund | \$ 470,879 | \$ 364,035 | \$ (106,844) |

FY2012 Expenditures- Snow & Ice

- Appropriation request \$250,000
 - FY2009 = \$160K
 - FY2010 = \$200K
 - FY2011 = \$250K
- Average expenditure over 10 years is \$242,059 (prior 10-year avg. \$223,672)
- Average expenditure over 5 years is \$273,629 (prior 5-year avg. \$268,230)
 - 44% increase in cost of Salt per ton
 - 25% increase in cost of Sand per yard
 - Town only began purchasing Sand in FY2007

FY2012 Expenditures- Snow & Ice



FY2012 Expenditures- Retirement Assessment

- Received FY2012 Assessment
- \$597,771, which represents an 2.39% increase
- Again, will take advantage of the 1 payment option, which saves about 2%, \$11,500
- Town has benefitted from pension reform and negotiating good contracts!



FY2012 Expenditures-

General Government

- Administrative, Financial & Planning Offices
- FY2012 Request = \$1,237,683
- Increase of \$34,380, or 2.86%
- \$24,000 in Technology- Maintenance Agreements
- Adding and/ or restoring funds for professional development & workshops for staff and elected or appointed officials
- Contractual Salary Adjustments



FY2012 Expenditures-

Police Department

- In FY2001, there were 13 FT Officers & 25 Reserve Officers
- In FY2011, we have 13 FT Officers & 14 Reserve Offices
- In this same time, there has been a 77% increase in recorded Police incidents
- Finally funding one additional Police Officer



FY2012 Expenditures-

Police Department

- FY2012 Appropriation Request - \$1,363,213
- 6.22% increase, \$79,816
- New Officer- split shift
- Additional off-site training
- Loss of State Grant Funding
 - Community Policing
 - Specialized Investigations

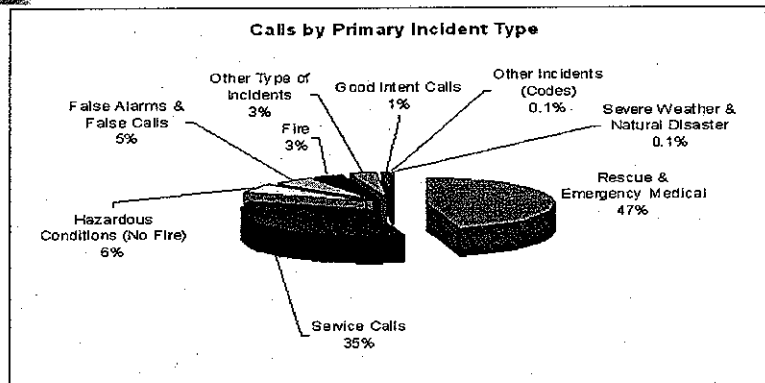


FY2012 Expenditures-

Fire Department

- Provide full-time and on-call service
- Staff
 - Chief
 - 1 Administrative/EMT-P/Dispatcher
 - 3 Career Firefighter/ EMT's
 - 36 Call Firefighters, 24 of which are EMT's

FY2010 Expenditures- Fire Department



- The dept has seen a 35% increase in the number of calls in the past 10 years

FY2012 Expenditures- Fire Department

- FY2012 requested appropriation = \$838,062
- \$62,099 increase (8.00%)
- Station has personnel M – F, 6:00 a.m. to 6:00 p.m. All other coverage is by call
- \$25K to provide some coverage during off hours; Per-Diem Personnel
- Weekend coverage S/ S; 12 hours; \$50K
- Balance to cover contractual salary increases, restore cuts to overtime & training



FY2012 Expenditures-

Other Protection


- Inspectional Services Department
- Continued increase in workload due to development
- Restore funding for Assistant Building Inspector
- FY2012 request is \$191,083, which is an increase of \$8,822, or 4.84%, for Plumbing, Wiring, Gas Inspectors



FY2012 Expenditures-

DPW/ Facilities

- FY2012 request is \$1,429,700, which is an increase of \$88,043 or 6.56%
- No increase Snow & Ice
- No funding for Road Maintenance Plan
 - Town must consider additional funding source
- \$15,000 to cover new mandate- MUTCD; signs
- Partially restore position cut in FY2009



FY2012 Expenditures-Solid Waste

- FY2012 request is \$127,500 for Recycling Program and cost of Trash Removal for Public Buildings
- Contract expires June 30, 2011
- Out-to-bid in March
- Will require separate prices for Recycling & Solid Waste



FY2012 Expenditures-Council on Aging

- 1,600 people in Lunenburg are age 60 or better
- Another 850 people will turn 60 in the next 5 years
- COA has introduced 7 new programs this year to attract seniors
- Just a few years ago we had fewer than 10 seniors in for lunch. Now we average about 30
- On many occasions, events draw 90+ people
- Sometimes there are 45 – 50 seniors at the Eagle House with only 1 staff member
- There have been an increasing number of times where 1 or 2 staff members had to evacuate 45 – 50 people due to an emergency.



FY2012 Expenditures-

Council on Aging

- A small department that sees lots of activity!
- FY2012 request is \$118,460, which is an increase of \$13,384, or 12.74%
- Increase in Outreach Service hours
- No custodian, but will likely dedicate set hours from DPW (restored position)



FY2012 Expenditures-

Lunenburg Public Library

- FY2012 request is \$346,956
- Minimum appropriation needed to qualify for State Aid
- 50% of CWMARS assessment in Operating Budget; balance from State Aid
 - Looking to fully fund CWMARS in budget in FY2013
- Another small department that sees a lot of activity!



FY2011 Expenditures-

Lunenburg Public Library

Massachusetts Board of Library Commissioners
Data Comparison
Based on Data Reported in July 2007
Population Group (10,000-14,999)

| Town | 2006 Pop | Avg. Weekly Hours Open | Full Time Employee Equivalent | Total Hours Open/ FTE | Weekly Visits/ FTE | Circulation/ FTE |
|--------------|----------|---------------------------------|-------------------------------------|--------------------------------|--------------------------|------------------|
| Lunenburg | 10,010 | 44.0 | 5.1* | 8.6 | 388.9 | 21,456 |
| Athol | 11,661 | 41.7 | 9.2 | 4.7 | | 14,743 |
| Clinton | 14,163 | 40.6 | 6.6 | 6.9 | 261.6 | 22,138 |
| Groton | 10,585 | 41.6 | 13.7 | 3.2 | 122.8 | 18,538 |
| Northborough | 14,681 | 56.3 | 13.7 | 4.3 | 63.3 | 12,445 |
| Oxford | 13,712 | 48.2 | 11.0 | 4.8 | | 11,707 |
| Pepperell | 11,412 | 42.8 | 7.4 | 6.0 | | 18,870 |



FY2012 Expenditures –

Lunenburg Public Schools

- Town Manager's Preliminary Recommendation is \$14,774,297
 - Increase of 2.5%, or \$360,349
 - Unfortunately, no where near the Superintendent's Recommendation
 - Town must work diligently to reconcile the LPS budgetary needs given the financial constraints and decreasing student enrollment

FY2012 Expenditures – Lunenburg Public Schools- Enrollment

| School | Enrollment by Year | | |
|--------------------------|--------------------|-------------|-------------|
| | FY09 | FY10 | FY11 |
| Lunenburg Primary | 331 | 331 | 334 |
| T.C. Passios Elementary | 391 | 386 | 357 |
| Turkey Hill Middle | 399 | 406 | 378 |
| Lunenburg High School | 570 | 552 | 530 |
| total: Enrollment | 1691 | 1675 | 1599 |
| net: | | -16 | -76 |

FY2012 Expenditures – Lunenburg Public Schools- Foundation Enrollment

| | | | Net: |
|--------|-----------------------|-------------------|----------------------|
| | Foundation Enrollment | Foundation Budget | Minimum Contribution |
| FY2012 | 1578 | \$ 13,457,817 | \$ 8,981,951 |
| FY2011 | 1605 | \$ 13,414,483 | \$ 8,849,178 |
| FY2010 | 1622 | \$ 13,779,998 | \$ 9,022,501 |
| FY2009 | 1641 | \$ 13,675,383 | \$ 9,084,809 |
| FY2008 | 1665 | \$ 13,121,501 | \$ 8,885,020 |
| FY2007 | 1641 | \$ 13,675,383 | \$ 9,084,809 |



FY2012 Expenditures –

Monty Tech

- No preliminary assessment received
- Assuming 2.5% increased
- Advised today by local representative to School Committee that assessment would be lower than current year due to a decline in enrollment.



FY2012 Expenditures –

Capital Planning Committee

- Recommended level of expenditure is \$522,765
- Recommending that \$389,000 be financed over 5-year term; remaining paid in cash

FY2012 Expenditures – Capital Planning Committee

| Recommendation: | | | |
|---------------------------|------|-------------------|------|
| | vote | amount | bond |
| General Technology | 4-0 | \$ 54,965 | |
| School Technology | 3-2 | \$ 45,000 | |
| DPW, Front End Loader | 5-0 | \$ 125,000 | yes |
| Fire, Engine 2 Retrofit | 3-2 | \$ 50,000 | yes |
| Police, Vests | 5-0 | \$ 9,800 | |
| Police, Cruiser Equipment | 5-0 | \$ 24,000 | |
| THMS, Parking Lot | 5-0 | \$ 110,000 | yes |
| THMS, Whiteboards | 4-1 | \$ 25,000 | yes |
| THMS, Gym Bleachers | 5-0 | \$ 19,000 | yes |
| HS Asbestos Abatement | 5-0 | \$ 15,000 | yes |
| HS ADA Access- Main Ent. | 5-0 | \$ 25,000 | yes |
| Fire- Radio, DPW/ Police | | \$ 20,000 | yes |
| total: | | \$ 522,765 | |

FY2012 Expenditures – Capital Planning Committee

| Scenario Assumptions | | | | |
|----------------------|---------------|----------------|---------------|---------------------|
| Amount | 389,000 | | | |
| Term/years | 5 | | | |
| Rate | 3.500% | | | |
| Amortization | straight line | | | Annual Debt Service |
| Year | Balance | Principal | Interest | Total |
| FY2011 | 389,000 | 77,800 | 13,615 | 91,415 |
| FY2012 | 311,200 | 77,800 | 10,892 | 88,692 |
| FY2013 | 233,400 | 77,800 | 8,169 | 85,969 |
| FY2014 | 155,600 | 77,800 | 5,446 | 83,246 |
| FY2015 | 77,800 | 77,800 | 2,723 | 80,523 |
| Total | | 389,000 | 40,845 | 429,845 |



Conclusion

- Recommendation made based upon best available information
- Things have changed, even just since the Preliminary Budget was issued 2/15
- Preliminary Budget Recommendation certainly doesn't meet department requirements, but we're much better off than in prior years
- Being able to adequately fund departments to meet service demands continues to be a challenge



Conclusion- Next Steps

- FinCom begins review of budget- 2/24
- Await Legislature's review of House 1
- Continue to refine New Growth Estimates
- Continue to look at cost savings measures, including outsourcing.

